

RICHARD T. BOWLES (State Bar No. 46234)
 WILLIAM T. NAGLE (State Bar No. 180162)
 BRADLEY R. BOWLES (State Bar No. 202722)
 BOWLES & VERNA
 2121 N. California Boulevard, Suite 875
 Walnut Creek, California 94596
 Telephone: (925) 935-3300
 Facsimile: (925) 935-0371

Attorneys for Plaintiffs Willard J. Greene,
 Michael Sarina, and Garrison Macri

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

WILLARD J. GREENE, MICHAEL SARINA,
 AND GARRISON MACRI,

No. C01-3592 CRB

Plaintiffs,

SUPPLEMENTARY DECLARATION OF
MICHAEL SARINA

October 17, 2001

Time: 11:00 a.m.

Dept: 8

v.

MOBEX COMMUNICATIONS, INC. AND
 DOES 1-50

Defendants.

I, Michael Sarina, declare:

1. I am a plaintiff in this action. As such, I have personal knowledge of the facts and matters contained within this declaration. They are true and correct. If called upon to testify regarding them, I could and would competently do so.

2. The proceeds from sales of the covered transactions subject to the operable bonus formula under plaintiffs' employment contracts were retained by Mobex. The total proceeds were \$121,000,000 of which \$74,000,000 was used to pay bank debt, \$4,000,000 was used to pay a shareholder bridge loan, \$15,000,000 was used for the purchase of the Watercom business, \$2,000,000 was used for FCC obligations, \$1,000,000 was used to pay interest on bank debt, \$1,000,000 was used

SUPPLEMENTARY DECLARATION OF MICHAEL SARINA

1 to pay bank covenant default charge, \$8,000,000 was used for liabilities related to shop sales,
 2 \$10,600,000 became due an owing as a tax obligation, \$1,500,000 was used for payment of investment
 3 banker fees, and \$325,000 was used to pay John Reardon, for a total of \$118,425,000.

4 3. Mobex is organized into three operating division which consist of (1) Regionet. LLC
 5 (Regionet and Watercom combined), (2) a tower business consisting of 27 towers, generating
 6 approximately \$800,000 in revenue a year and (3) a managed services company. First, Mobex
 7 purchased Regionet for approximately \$28,000,000 about one-year ago. No significant investments
 8 were made in these businesses. In fact, Mobex has sought to reduce its related infrastructure costs.
 9 Accordingly, no value has been added to the business and Mobex cannot expect to sell this business for
 10 even what they paid for them. In addition, the initial agreement with ACBL, Watercom's largest
 11 customer, required Mobex to invest in new technology. To my knowledge, this has not been done.
 12 The current technology, although working, is obsolete, and requires significant maintenance. Unless
 13 additional capital is invested, Mobex risks losing this account in the next year to its competitors. This
 14 business generates cash flow of approximately \$1,000,000 a year. Furthermore, within the past year,
 15 Mobex made an offer to a competitor, Cooper, who owns a comparable spectrum business to acquire it
 16 for \$15,000,000. This suggests that even Mobex believes that the value of this business is between
 17 \$15,000,000 and \$28,000,000.

18 4. As to the second segment of Mobex's business, the towers, which are primarily located
 19 in Idaho and Indiana, are third-tier markets in low areas of demand for service. In addition, the
 20 revenue stream from these is highly contingent on Nextel agreeing to use these towers to continue to
 21 operate the frequencies which it purchased from Mobex. Nextel does have tower arrangements with
 22 other top-tier tower companies. If you assume that Mobex could command a multiple of 5 or 10 times
 23 revenues, it would be valued between \$4,000,000 and \$8,000,000. The company has been
 24 unsuccessfully trying to sell this tower business for the past two years. Mobex first brokered the sale
 25 with Deutsche Bank/Alexander Brown, after that failed, the company tried to broker its tower sale
 26 through Communication Equity Associates ("CEA") and now John Reardon has told the shareholders
 27 that it is trying to sell the towers through Baker & Associates. While the company has been trying to
 28

1 sell the towers for approximately \$18,000,000, the fact is, given the low revenue stream in third-tier
2 markets, the prices sought are higher than the market will bear.

3 5. The Managed Services business is a telecommunications construction business. I
4 understand that one of its major customers, Ericson, has notified Mobex that another contractor was
5 selected to handle their future construction needs. I am also aware that, in light of the current
6 economic climate, Mobex has had significant reduction in force and has let go the two key individuals
7 who built the business. This business is a service business sensitive to the quality of people who run it.
8 That combined with the current economic climate would give a value to the business of no more than
9 \$1,000,000. If you add the value of the three foregoing business components of Mobex, the value of
10 Mobex is between \$20,000,000 and \$37,000,000.

11 6. After I left Mobex, in July 2001, I was contacted by John Reardon to assist in finalizing
12 the company's annual report and to explain what a "going-concern opinion" is. He also asked me to
13 work with the auditor and Mobex's controller to obtain final release of the annual report. I explained
14 to John Reardon that a "going-concern opinion" was the auditor's position that they had no alternative
15 but to issue a qualified opinion because they were concerned about the long-term survival of Mobex.
16 This "going-concern opinion" was based on the historical losses from operations, Mobex's working
17 capital deficiencies, and its future cash requirements. I explained that the auditors were required to
18 declare this concern, even though it would raise significant doubt as to the survivability of Mobex
19 going forward, since Mobex would need new capital or new borrowings to meet forecasted cash
20 requirements.

21 7. While CFO of Mobex, my responsibilities included managing the tax exposure. After I
22 was terminated, Mobex also asked me to work with the controller, the new CFO and the public
23 accountant to assist in determining the 2001 tax year obligation. Tax computations were performed by
24 Mobex with input from me and reviewed by outside accountants. The tax estimate for 2001 totaled
25 \$10,600,000. This included gain on the asset sales. Brian Howell informed me that, since the
26 company only had \$11,000,000 to \$12,000,000 in cash and no established credit facility, that he would
27 pay approximately half of the obligation in September and the remaining half would be paid in or
28

1 around March 15, 2001. See examples of our correspondence. These efforts on my part concluded at
2 the end of July 2001.

3 8. I have knowledge that a significant investor has valued Mobex in a range that supports
4 my claim that the business is valued between \$20,000,000 and \$37,000,000.

5 9. Attached is the October 9, 2001 letter from John Reardon to a shareholder referencing
6 the \$5,000,000 line of credit and the Deloitte & Touche "going-concern opinion".

7 10. Attached is a letter from John Reardon dated April 27, 2001 confirming that I was
8 terminated.

9 11. John Reardon's claim that the business has a market value of some \$50,000,000 to
10 \$100,000,000 is totally unfounded. Even if it were true, we still would not be paid. I had previously
11 provided Mobex a liquidation analysis schedule on a number of occasions. It will take at least
12 \$48,000,000 net after taxes, secured creditors and payment to Nextel before any money is available to
13 anyone else. In Reardon's declaration, he does not provide for obligations to creditors, for example, he
14 does not show the tax liability nor any payments to Nextel, who owns 15% of the LLC, clearly the
15 most valuable piece of the business. If the sale were for stock, then we would be paid nothing because
16 there would be no cash in which to distribute.

17 I declare under penalty of perjury under the laws of the state of California that the foregoing is
18 true and correct. Executed on October____, 2001 at _____, California.

19
20
21 _____
MICHAEL SARINA
22
23
24
25
26
27
28

1 RICHARD T. BOWLES (STATE BAR NO. 46234)
2 WILLIAM T. NAGLE (STATE BAR NO. 180162)
3 BRADLEY R. BOWLES (STATE BAR NO. 202722)
4 BOWLES & VERNA
5 2121 N. California Boulevard, Suite 875
6 Walnut Creek, California 94596
7 Telephone: (925) 935-3300
8 Facsimile: (925) 935-0371

9 Attorneys for Plaintiffs Willard J. Greene,
10 Michael Sarina, and Garrison Macri

11
12 UNITED STATES DISTRICT COURT
13
14 NORTHERN DISTRICT OF CALIFORNIA
15
16 SAN FRANCISCO DIVISION
17

18 WILLARD J. GREENE, MICHAEL SARINA,
19 AND GARRISON MACRI,

No. C01-3592 CRB

20 Plaintiffs,

**SUPPLEMENTARY DECLARATION OF
GARRISON MACRI**

DATE: October 17, 2001

TIME: 11:00 a.m.

DEPT: 8

21 v.

22 MOBEX COMMUNICATIONS, INC. AND
23 DOES 1-50

24 Defendants.
25 _____/

26 I, Garrison Macri, declare:

27 1. I am a plaintiff in this action. As such, I have personal knowledge of the facts and
28 matters contained within this declaration. They are true and correct. If called upon to testify regarding
them, I could and would competently do so.

29 2. I did not resign. I was terminated by Mobex because my services were no longer
needed. My termination is supported by the attached letter from Mr. John Reardon.

30 3. Mobex has always had, and to my knowledge has continued to hold all the assets of the
business up for sale. In fact, during January 1 through April 1, 2001, I had specific direction from
John Reardon and the Mobex Board to solicit purchasers of the AMTS spectrum on a full time basis.

1 We developed a thorough review of all potential candidates and executed a systematic contact program
2 including direct mail. John, myself and Jason Yotopolous (a board member) had bi weekly meetings
3 regarding the status of my progress on soliciting purchasers. John Reardon and I met up with Jason
4 Yotopolous in his office in Palo Alto offices for one meeting. Al Duddles and Roger Crawford (who
5 are stockholders of Mobex) were also notified of potential purchasers and were involved in various
6 technical discussions.

7 4. After the decision to terminate me, John asked me to transfer relationships with
8 potential purchasers to himself and Al Duddles including relationships with Tyco International's M/A
9 Com Group who had recently bought ComNet and with whom we had three meetings prior to my
10 departure.

11 I declare under penalty of perjury under the laws of the state of California that the foregoing is
12 true and correct. Executed on October ____, 2001 at _____, _____.

13
14
15 _____
GARRISON MACRI
16
17
18
19
20
21
22
23
24
25
26
27
28